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of Lehman Brothers Creditors

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

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In re	: Chapter 11 Case No.
	:
LEHMAN BROTHERS HOLDINGS INC., <i>et al.</i> ,	: 08-13555 (JMP)
	:
Debtors.	: (Jointly Administered)
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**NOTICE OF AMENDED EXHIBIT 2 TO DISCLOSURE STATEMENT  
FOR THE JOINT SUBSTANTIVELY CONSOLIDATING CHAPTER 11 PLAN FOR  
LEHMAN BROTHERS HOLDINGS INC. AND CERTAIN OF ITS  
AFFILIATED DEBTORS OTHER THAN MERIT, LLC, LB SOMERSET LLC  
AND LB PREFERRED SOMERSET LLC PROPOSED BY THE  
AD HOC GROUP OF LEHMAN BROTHERS CREDITORS**

**PLEASE TAKE NOTICE THAT** on December 15, 2010, the Ad Hoc Group of  
Lehman Brothers Creditors (the “Group”) filed the Disclosure Statement for the Joint  
Substantively Consolidating Chapter 11 Plan for Lehman Brothers Holdings Inc. and Certain of  
its Affiliated Debtors other than Merit, LLC, LB Somerset LLC and LB Preferred Somerset LLC  
Proposed by the Ad Hoc Group of Lehman Brothers Creditors [Docket No. 13505] (the  
“Disclosure Statement”). Exhibit 2 to the Disclosure Statement includes a recovery analysis for  
Claims against and Equity Interests in the Consolidated Debtors and related analyses.<sup>1</sup>

**PLEASE TAKE FURTHER NOTICE** that the Group hereby files an amended  
version of Exhibit 2 (the “Amended Exhibit”). The amendments reflected in the Amended

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<sup>1</sup> Capitalized terms used but not defined herein shall have the meaning ascribed to them in the Disclosure Statement.

Exhibit include, among other things, (a) additional columns in the table entitled “Recovery Analysis” for “Treatment of Estimated Allowed Claims under Ad Hoc Plan” and “Adjusted Allowed Claims,” (b) certain revised percentages in the table entitled “Summary Comparison of Ad Hoc Plan vs. Debtors’ Plan” for “Estimated Debtors Plan Recovery,” and (c) additional tables entitled “Summary Comparison of Net Distributable Assets – Debtors’ Plan vs. Ad Hoc Plan” and “Schedule of Inter-Debtor Intercompany Receivable Eliminations in Ad Hoc Plan.”

Dated: December 22, 2010  
New York, New York

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By: /s/ Gerard Uzzi  
Gerard Uzzi

ATTORNEYS FOR THE AD HOC GROUP  
OF LEHMAN BROTHERS CREDITORS

## **Exhibit 2**

### **The Plan Proponents' Recovery Analysis for the Consolidated Debtors**

#### **General Assumptions**

The Plan Proponents' Recovery Analysis is based upon the Debtors' Recovery Analysis contained in the Debtors' Disclosure Statement and has been adjusted to conform with the terms of the Plan Proponents' proposed Plan. The information contained in this Recovery Analysis is presented on a Consolidated-Debtor basis and recoveries include estimated recoveries from non-Debtor Affiliates by way of payment on Intercompany Claims or equity distributions. In addition, Intercompany Claims between the Debtors and non-Debtor Affiliates are treated in accordance with the terms of the Plan.

The Debtors have reported that the Debtors' Recovery Analysis is based on expected undiscounted cash flows from assets managed in an orderly liquidation over the five-year period ending December 31, 2014. For unliquidated assets at the end of the expected recovery period, the Debtors have estimated the assets' sales value at that time. The Debtors' Recovery Analysis differs from the presentation of assets in the previously filed Monthly Operating Reports ("MORs"), where assets are generally presented at fair value. Refer to Notes to the Balance Sheets in these previously filed MORs.

The Debtors have reported that certain significant events that occurred subsequent to December 31, 2009, including the Bankhaus Settlement, the CDA with JPMorgan, certain transactions with Aurora Bank and Woodlands and the transaction with MetLife (as described below) have been recognized by the Debtors in the Debtors' Recovery Analysis. Unless noted otherwise herein, events occurring after the time of the preparation of the Debtors' Recovery Analysis or not otherwise recognized by the Debtors in the Debtors' Recovery Analysis are not reflected in this Recovery Analysis.

In preparing the Debtors' Recovery Analysis, the Debtors purport to have made various estimates and assumptions based on available information, which estimates and assumptions are incorporated herein. Therefore, actual results under the Plan, if consummated, may differ from the estimated recoveries set forth in this Recovery Analysis and could have a material effect on the related estimated recovery percentages. As more information becomes available, including the outcome of various negotiations, and litigation, it is expected that estimates included in the Recovery Analysis (if updated) will change, potentially in a material respect.

Estimated recovery amounts set forth in this Recovery Analysis are shown net of estimated Administrative Expense Claims, Priority Tax Claims, and Priority Non-Tax Claims.

The Debtors have previously separated their assets into various classes for their MORs. Below is a short description of these categories and the treatment accorded to them by the Debtors as reported by the Debtors in the Debtors' Recovery Analysis, which the Plan Proponents adopt (except where otherwise noted) solely for the purposes of this Recovery Analysis. All descriptions herein should be read in conjunction with the notes provided in the MOR containing

the June 30, 2009 balance sheets and the State of the Estate Reports, dated November 11, 2009 and September 22, 2010.

### ***Cash and Investments***

Cash and short term investments include demand deposits, interest-bearing deposits with banks, U.S. government obligations, U.S. government guaranteed securities with maturities of three months to two years and U.S. and foreign money market funds.

At December 31, 2009, the Debtors had an adjusted (see below) balance of approximately \$12.9 billion in unrestricted Cash and investments.

To reduce the Cash balance as of December 31, 2009, the Debtors made the following adjustments to reflect significant 2010 transactions known at the time of preparation of the Debtors' Recovery Analysis, some of which had not been consummated at the time.

Bankhaus Settlement Agreement	\$1,083 million
JPMorgan CDA	\$ 524 million
MetLife financing repayment	\$ 355 million
Aurora/Woodlands Proposed Settlement (subject to Bankruptcy Court approval)	\$ 552 million

### ***Cash and Investments Pledged or Restricted***

Cash and investments pledged or restricted includes Cash and investments pledged on or prior to September 15, 2008 by the Debtors in connection with certain documents executed by the Debtors and various financial institutions, and collections on assets that secure various borrowing arrangements.

Cash and investments pledged or restricted includes: (i) approximately \$1.6 billion by LCPI consisting of Cash collected on loans that collateralize notes held by both Debtor-Controlled Entities and non-Debtor-Controlled Entities, (ii) Cash collected on derivatives trades which collateralize notes, (iii) pre-petition balances on administrative hold by certain financial institutions, and (iv) misdirected Cash received from third parties. The Debtors' records reflect \$4.3 billion in Cash and investments pledged or restricted at December 31, 2009, after adjustments. The significant reduction in the Cash and investments pledged or restricted, as compared to the June 30, 2009 balance sheets, is due to the application of Cash collateral under the JPMorgan CDA and the Bankhaus Settlement.

### ***Cash Seized***

The Debtors are involved in litigation with Bank of America regarding Bank of America's application of approximately \$509 million to offset its derivative Claim against the Debtors. The Debtors do not take such amount into account in the Debtors' Recovery Analysis. The Plan

Proponents have similarly not taken such amount into account in this Recovery Analysis; however, the Plan Proponents note that, since the filing of the Debtors' Recovery Analysis, the Debtors have obtained significant relief with respect to this litigation such that it may now or in the future be appropriate to take this amount into account in this Recovery Analysis. See Bank of America v. Lehman Brothers Holdings Inc. (In re Lehman Brothers Holdings Inc.), No. 08-01753, 2010 WL 4628139 (Bankr. S.D.N.Y. Nov. 16, 2010).

### ***Financial Instruments and Other Inventory Positions***

Certain Debtors and non-Debtor Affiliates are parties to repurchase agreements and transactions with third parties. In certain cases, following a default by a Debtor of its obligation to repurchase the subject securities, the third party seized and liquidated the subject securities to offset its receivable from a Debtor. In such cases, the Debtors have accounted for such transactions by recording a net payable to, or receivable from, such third party after valuing the subject securities as of the default date.

Certain Debtors also entered into repurchase agreements with other Debtors and Debtor-Controlled Entities. The appropriate accounting and legal treatment for a default on an intercompany repurchase agreement is purportedly currently under review by the Debtors and their attorneys and may become the subject of substantial litigation. Recovery amounts may be affected by the ultimate resolution of these transactions. According to the Debtors, prior to December 31, 2009, the balance sheets reflected securities collateralizing intercompany repurchase agreements (which securities were not pledged to a third-party) on the balance sheet of the seller or borrower under the repurchase agreement, along with the related liability.

Financial instruments include notes (collectively "Securitization Instruments") held by certain Debtors in securitization structures collateralized by assets (principally corporate and real estate loans) managed by certain Debtors on the Commencement Date. Recoveries on the Securitization Instruments are based on the undiscounted expected cash flows of the underlying collateral as of December 31, 2009. As a result of the CDA with JPMorgan these Securitization Instruments the Debtors no longer treat these assets as pledged collateral and have included them in the Recovery Analysis.

### ***MetLife Secured Financing***

In March 2010, LCPI paid \$355 million to MetLife to redeem two notes held by MetLife. In exchange for the payment, pledged collateral, consisting of loans and real estate assets estimated at \$915 million was transferred to LCPI.

### ***Other Disclosures***

The Recovery Analysis does not account for various legal claims that the Debtors have asserted, or may assert in the future, the impact on the Debtors' assets which cannot be determined at this time.

Lehman ALI has recorded the PIK Note issued to LBI at a *de minimis* value. (See section IV.B. of the Debtors' Disclosure Statement for further information regarding the PIK Note).

The Recovery Analysis assumes that certain tax structures related to intercompany transactions among LBHI, Bamburg Investments (UK) Ltd., Kenilworth Investments 2 Ltd., and Alnwick Investments (UK) Ltd. have been fully unwound, as approved by the Bankruptcy Court.

### ***Derivative Contracts***

The Debtors' estimated recovery amounts<sup>1</sup> with respect to derivative contracts are determined using various internal models, data sources, and certain assumptions regarding contract provisions. The derivative contract recoveries are net of any collections that are alleged to collateralize certain contracts. The Debtors expect to adjust the amounts recorded for their derivative contracts as they obtain additional information. Such adjustments may be material.

Certain of the Debtors have entered into transactions to hedge their exposure to, and protect the value of, certain outstanding derivatives contracts and other assets. Through December 31, 2009, the Debtors have collected cumulative Cash of \$8.8 billion, net of collections on certain derivative contracts which may collateralize certain notes. The Debtors estimate that they will collect, in the aggregate, an additional \$5.4 billion in respect of derivative contracts subsequent to December 31, 2009.

### ***Real Estate Assets***

Real estate assets include residential and commercial whole loans, residential and commercial real estate owned properties, joint venture equity interests in commercial properties, and other real estate related investments. Recoveries in respect of real estate assets reflect the Debtors' estimates of future undiscounted cash flows over five years plus a terminal value equal to the estimated sale value at the end of 2014. Estimated cash flows are consistent with the Debtors' reported strategy of actively managing core positions until general market conditions normalize, although receipts from certain opportunistic transactions have been included. The Debtors intend to pursue various restructuring options with borrowers, equity partners and third party lenders to protect and improve the value of underperforming positions; any related disbursements have been included in the Recovery Analysis.

The Debtors estimate that they will collect \$11 billion from real estate assets.

### ***Respect to Loans***

The Debtors' estimated receipts from loans are presented on an undiscounted cash flow basis with termination values equal to the estimated sale proceeds at December 31, 2014.

The Debtors' estimates of cash receipts include (i) principal and interest collections, (ii) full repayment of funded amounts at maturity for performing loans, (iii) discretionary sales of loans

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<sup>1</sup> The Debtors' estimated recovery amounts reflect the amounts that the Debtors believe will be available for Distributions to their creditors.

in 2010, representing sales of at, or close to, the par amount of loans, and (iv) sales of the Asian loan portfolio by December 31, 2012 and (v) sales of remaining loans at December 31, 2014. The Recovery Analysis does not include the potential of discretionary sales of U.S. loans, prior to their maturity, after December 31, 2010, although the Debtors expect that certain loans will be sold during such period if the opportunity arises.

Interest receipts on loans were calculated by the Debtors on the entire portfolio at the average LIBOR rate for the last 2 years, which at the time the Debtors' Disclosure Statement was filed was calculated to be approximately 2%.

The Debtors expect to enter into transactions to restructure non-performing loans and continue terminating their unfunded commitments.

Assets pledged to the Debtors' lenders or subject to liens of third parties are excluded from the Recovery Analysis.

The Debtors estimate that they will recover \$7.1 billion in respect of loans.

#### ***Private Equity/ Principal Investments***

Private Equity / Principal Investments include equity and fixed-income direct investments in corporations and general partner and limited partner interests in asset managers (including private equity) and in related funds.

The Debtors project that they will recover \$9.6 billion, from investments in private equity, exclusive of LBHI's interest in Neuberger Berman Group, for which the estimated recovery is described below. Required capital calls are included in the non-operating disbursements in the Debtors' budgets.

As of December 31, 2009, the Debtors owned 93% of the preferred units and 49% of the aggregate common equity interests of Neuberger Berman. In an improving economy, the Debtors have modeled an expected recovery of their investment in two ways, over the next three to four years:

- a) a refinancing by Neuberger Berman Group of LBHI's 93% of preferred stock of Neuberger Berman Group; and
- b) a sale of the LBHI's interest in 49% of common stock of Neuberger Berman Group.

The Debtors expect to recover on its preferred and common equity interests between \$1 to 2 billion. Based on Neuberger Berman's performance, market conditions and timing, such recovery could be more or less than the estimate herein.

### ***Aurora Bank and Woodlands***

In the Debtors' Recovery Analysis, the Debtors estimated a recovery of between \$1 to 2 billion from the disposition of its interests in the Aurora Bank and Woodlands. The Plan Proponents have adopted such estimate for the purposes of proposing this Recovery Analysis; however, the Plan Proponents note that, since the filing of the Debtors' Recovery Analysis, the Debtors have obtained substantial relief with respect to Aurora and Woodlands that may materially impact such estimates. (See Order Granting Debtors' Motion, Pursuant to Rule 9019 of the Federal Rules of Bankruptcy Procedure and Section 363 of the Bankruptcy Code, for Approval of (I) a Settlement Agreement Between the Debtors and Aurora Bank FSB Regarding the Master Forward Agreement and Other Matters and (II) Certain Other Related Relief, Including Authorization of (A) Certain Debtors to make Capital Transfers, (B) LBHI to Enter Into a Capital Maintenance Agreement, and (C) LBHI to Extend the Duration of the Amended Repurchase Agreement and Financing Facility, dated September 23, 2010 [Docket No. 11566].)

### ***Intercompany Receivables***

The Debtors' Recovery Analysis assumes that all intercompany receivables due to Debtors from other Debtor-Controlled Entities or non-Debtor-Controlled Entities are deemed valid in accordance with the Debtors' Plan. The Debtors have netted intercompany balances to reflect setoff rights based on pre- or post-petition status. The Recovery Analysis assumes that all Affiliates recognize the balances included on the Debtors' books and records as of the applicable Commencement Date as a basis for determining the valid Intercompany Claim amount.

Intercompany receivables among the Debtors and Debtor-Controlled Entities consist of (i) intercompany Derivative Contracts recorded on September 14, 2008 at fair value in the Debtors' records, and (ii) other intercompany receivables derived from financings and normal course activities. Any Commencement Date intercompany transactions are treated as Administrative Claims. Intercompany receivable balances between the Debtors and non-Debtor Affiliates have been included in the Recovery Analysis on a pro-forma basis as of December 31, 2009, consistent with the Debtors' Plan, with the exception of the Designated Non-Debtor Affiliates and LBT, the balances for which are included as of June 30, 2009.

Receivables from Non-Debtor-Controlled Affiliates consist of derivative contracts recorded at fair value in the Debtors' records and other intercompany receivables derived from financings and normal course of business activities recorded as of September 14, 2008, except for certain repurchase and other financing agreements.

The Recovery Analysis includes an estimate of \$3 billion as a recovery on net intercompany receivables from non Debtor-Controlled Entities assuming the Designated Non-Debtor Affiliates vote to accept the Plan. However, such amount is an estimate and the actual result could materially vary. Furthermore, to the extent a Designated Non-Debtor Affiliate votes against the Plan, the Recovery Analysis assumes that the Foreign Affiliate will not make its assets available for Distribution under the Plan, and that any Claims of the Designated Non-Debtor Affiliate against the Consolidated Debtors will not receive a Distribution.



## **Assumptions With Respect to Claims**

### ***Secured Claims***

For the purposes of the Recovery Analysis, cash flows from encumbered assets have been excluded but will continue to be collected for the benefit of secured creditors. Any Cash received from the disposition of assets subject to a security agreement will be subject to the lien of such secured creditor.

### ***Administrative Expense Claims***

The Debtors have engaged in Cash transfers and transactions following the applicable Commencement Date. The Debtors report that these transfers and transactions are primarily to support activities on behalf of other Debtor-Controlled Entities that may not have adequate liquidity for business operations. In respect of such transfers to a Debtor, the transferor entity is entitled to Administrative Expense Claim. In addition, certain Debtor-Controlled Entities have collected Cash on behalf of Securitization Instruments held by other Debtors, foreign Affiliates, and third parties. Each party has an Administrative Expense Claim against these Debtor-Controlled Entities for such Cash. Additionally, the Debtors likely will also have certain super priority claims that have not yet been determined.

### ***Compensation and Reimbursement Claims***

The Recovery Analysis includes unpaid expenses relating to the compensation of professionals and reimbursement of expenses incurred by such professionals for amounts through December 31, 2009.

### ***Priority Tax Claims***

The Recovery Analysis includes an estimate of approximately \$\_ billion for all Priority Tax Claims.

### ***Priority Non-Tax Claims***

The Recovery Analysis includes an estimate of \$22 million for employee-related Priority Non-Tax Claims, which are subject to a cap of \$10,950 per employee.

### ***General and Subsidiary Unsecured***

The Debtors estimate that the amount of Allowed Claims (other than Guarantee Claims), will approximately equal the liabilities on books and records of the applicable Debtor as of the applicable Commencement Date. Certain adjustments were made by the Debtors in the Debtors' Recovery Analysis to include liabilities not reflected on the books and records, including liabilities related to terminated derivative contracts, which liabilities resulted in an increase to liabilities based on derivative contracts by 100% of the amount of such liability, and liabilities related to certain repurchase agreements. Pursuant to the Plan, under the "All Classes Accept"

recoveries, Subsidiary Unsecured Claims are included at 115% of Allowed Claims as described in the Disclosure Statement.

***Subordinated Unsecured***

Subordinated Unsecured Claims include Claims against LBHI in respect of notes subordinated to senior bonds in accordance with the terms of the notes and the Plan. The Recovery Analysis takes into account Claims filed against the Debtors in respect of Subordinated Notes in the amount set forth on LBHI's balance sheets as of June 30, 2009.

***Consolidated Guarantee Claims***

Pursuant to the Plan, under the "All Classes Accept" recoveries, Consolidated Guarantee Claims are included at 25% of the Estimated Allowed Claim amount as described in the Disclosure Statement.

***Non-Consolidated Guarantee Claims***

Pursuant to the Plan, under the "All Classes Accept" recoveries, Non-Consolidated Guarantee Claims are included at 70% of the Estimated Allowed Claim amount as described in the Disclosure Statement except for LBT, which is included at 50% with an additional 50% reallocated to holders of Allowed Senior Unsecured Claims, Allowed General Unsecured Claims, and Allowed Subordinated Unsecured Claims.

**LEHMAN BROTHERS HOLDINGS INC.**

**Plan Recovery Analysis**

**Summary Comparison of Ad Hoc Plan vs. Debtors' Plan**

**Summary Comparison of Plan Estimated Claims – Debtors' Plan vs. Ad Hoc Plan**

**Detail Claims Analysis for Ad Hoc Plan Selected Classes**

**Summary Comparison of Net Distributable Assets – Debtors' Plan vs. Ad Hoc Plan**

**Schedule of Inter-Debtor Intercompany Receivable Eliminations in Ad Hoc Plan**

The analysis contained herein is based on data, estimates, projections and assumptions made by the Debtors and their current management in the Debtors' Recovery Analysis attached as Exhibit 4 to the Debtors' Disclosure Statement, dated April 14, 2010. The data, estimates, projections and assumptions underlying this analysis have not been independently verified, are qualified in their entirety by the statements contained in the Disclosure Statement, including, without limitation, the statements made on pages 2 through 5 thereof, which are incorporated herein by reference, and actual results may differ materially from those reflected herein.

## Exhibit 2 – Recovery Analysis

Lehman Brothers Holdings Inc.

(\$ in millions)

	Estimated Plan Recovery							
					All Classes Accept		All Classes Reject	
	Filed Claims <sup>1</sup>	Estimated Allowed Claims <sup>2</sup>	Treatment of Estimated Allowed Claims under Ad Hoc Plan	Adjusted Allowed Claims <sup>3</sup>	Amount	% <sup>4</sup>	Amount <sup>5</sup>	% <sup>4</sup>
Class 1 - Priority Non-Tax Claims	5,383	22	100.0%	22	22	100.0%	22	100.0%
Class 2 - Secured Claims	89,237	2,726	100.0%	2,726	2,726	100.0%	2,726	100.0%
Class 3 - Senior Unsecured Claims <sup>6</sup>	100,476	83,723	100.0%	83,723	20,518	24.5%	21,360	25.5%
Class 4 - General Unsecured Claims	63,225	2,598	100.0%	2,598	538	20.7%	6,259	21.6% <sup>7</sup>
Class 5 - Subordinated Unsecured Claims	18,848	15,284	100.0%	15,284	-	0.0%	-	0.0%
Class 6A - 6n - Subsidiary Unsecured Claims	80,167	27,190	115.0%	31,269	5,735	21.1%	5,866	21.6%
Class 7A - 7n - Consolidated Third-Party Guarantee Claims	46,911	20,670	25.0%	5,168	948	4.6%	-	0.0%
Class 8A - 8n - Non-Consolidated Third-Party Guarantee Claims <sup>8</sup>	45,749	Unknown	70.0%	Unknown	3,253	12.8%	5,467	Unknown
Class 9 - Non-Consolidated Intercompany Claims <sup>9</sup>	18,899	Unknown	100.0%	Unknown	3,466	18.3%	4,073	Unknown
Class 10 - LBT Intercompany Claims	34,110	34,110	100.0%	34,110	6,256	18.3%	-	0.0%
Class 11 - LBT Third-Party Guarantee Claims	28,159	26,411	100.0%	26,411	2,422	9.2%	-	0.0%
Class 12A - 12n - Designated Non-Debtor Affiliate Intercompany Claims <sup>10</sup>	12,546	Unknown	100.0%	Unknown	2,301	18.3%	-	0.0%
Class 13A - 13n - Designated Non-Debtor Affiliate Third-Party Guarantee Claims <sup>11</sup>	21,716	Unknown	70.0%	Unknown	2,788	12.8%	-	0.0%
Class 14 - Section 510(b) Claims	-	-	-	-	-	-	-	-
Class 15 - Equity Interests	-	-	-	-	-	-	-	-

Note: All values that are exactly zero and all recovery percentages where the corresponding recovery amount is zero are shown as “-”. Values between zero and \$500,000 appear as “0”.

1 Filed Claims, as adjusted to take into account clear errors, duplications and non-controversial corrections that are appropriate, as of March 9, 2010.

2 “Estimated Allowed Claims” means the Debtors’ estimate of Allowed Claims per the Debtors’ Plan and Disclosure Statement, with the following adjustments: 1) Disallowance of Consolidated Intercompany Claims due to substantive consolidation, 2) Disallowance of Affiliate Guarantee Claims due to substantive consolidation, and 3) Allowance of Consolidated Third-Party Claim for which LBDP is the Primary Obligor.

3 Adjusted Allowed Claims is calculated by multiplying Estimated Allowed Claims by Treatment of Estimated Allowed Claims under Ad Hoc Plan.

4 Estimated recovery as a percentage of Estimated Allowed Claims.

5 Recovery amounts as per Exhibit 3, Liquidation Analysis.

6 Any amounts allocated to LBHI Class 5 are reallocated to LBHI Class 3 in accordance with the Plan.

7 Recovery amount if all Classes reject includes recovery on \$26,414 of general unsecured claims at LBT, which is consolidated via substantive consolidation should the LBT creditors reject the Plan.

8 Class 8 recoveries are based on Estimated Allowed Claims of \$25,341; however, should Class 8 reject the Plan, the Plan Proponents anticipate that the actual amount of Allowed Claims in such rejecting Class will be reduced through litigation.

9 Class 9 includes pre-petition Intercompany Claims. Post-petition Intercompany Claims are Administrative Expense Claims. Recoveries are based on Estimated Allowed Claims of \$18,899; however, should Class 9 reject the Plan, the Plan Proponents anticipate that the actual amount of Allowed Claims in such rejecting Class will be reduced through litigation. Affiliate Guarantee Claims have been eliminated from the Ad Hoc Plan because the Plan Proponents anticipate that these Claims will be reduced in connection with any settlement or otherwise through litigation.

10 Class 12 recoveries are based on Estimated Allowed Claims of \$12,546. Affiliate Guarantee Claims have been eliminated from the Ad Hoc Plan because the Plan Proponents anticipate that these Claims will be reduced in connection with any settlement or otherwise through litigation.

11 Class 13 recoveries are based on Estimated Allowed Claims of \$21,716.

**Exhibit 2 - Summary Comparison of Ad Hoc Plan vs. Debtors' Plan**

Lehman Brothers Holdings Inc.

(\$ in millions)

	<b>Estimated Ad Hoc Plan Recovery Assuming All Classes Accept</b>	<b>Estimated Debtors Plan Recovery</b>
	<b>%<sup>1</sup></b>	<b>%<sup>1</sup></b>
Senior Claims against LBHI	24.5%	17.4%
General Unsecured Claims	20.7%	14.7%
Claims against a Subsidiary Debtor with a Guarantee from LBHI <sup>2</sup>		
LBSF	25.7%	38.8%
LBCS	25.7%	41.5%
LBCC	25.7%	45.5%
LOTG	25.7%	33.0%
LBDP	25.7%	100.0%
LCPI	25.7%	58.9%
BNC	25.7%	14.7%
SASCO	-	-
Guarantee Claim only where Primary Claim is against a Foreign Affiliate other than LBT		
LBIE	12.8%	14.7%
Lehman Brothers Limited	12.8%	14.7%
Bankhaus	12.8%	14.7%
LBF	12.8%	14.7%
LB Securities	12.8%	14.7%
Lehman Brothers Japan	12.8%	14.7%
Lehman Brothers Holdings Japan	12.8%	14.7%
Sunrise	12.8%	14.7%
LBCCA	12.8%	14.7%
LBI	12.8%	14.7%
LBAH	12.8%	14.7%
Miscellaneous	12.8%	14.7%
Claims of Foreign Affiliates other than LBT <sup>3</sup>	18.3%	18.5%
Claims of LBT	18.3%	7.4%
Guarantee Claim only where Primary Claim is against LBT	9.2%	14.7%

1 Estimated recovery as a percentage of Estimated Allowed Claims.

2 Estimated recovery rates are calculated as if the Estimated Primary Claims and corresponding Guarantee Claims are Allowed in the same amount. To the extent the Allowed Amounts differ, the recovery may change.

3 Estimated Debtors Plan Recovery as shown represents the average recovery of all Intercompany Claims of Foreign Affiliates against the Debtors. The actual recovery may be greater or lesser depending upon which Debtor is the obligor of such Claim.

**Exhibit 2 - Summary Comparison of Plan Estimated Claims – Debtors’ Plan vs. Ad Hoc Plan**  
Lehman Brothers Holdings Inc.  
(\$ in millions)

<u>Debtors' Plan and Disclosure Statement</u>		<u>Ad Hoc Group Plan and Disclosure Statement</u>		
<u>Class<sup>1</sup></u>	<u>Plan Estimated Claims (\$)<sup>2</sup></u>	<u>Class<sup>3</sup></u>	<u>Plan Estimated Claims (\$)</u>	<u>Variance (\$)</u>
1 Priority Non-Tax Claims	22	1 Priority Non-Tax Claims	22	-
2 Secured Claims	2,726	2 Secured Claims	2,726	-
3 Senior Unsecured Claims	83,723	3 Senior Unsecured Claims	83,723	-
4 General Unsecured Claims	29,788	4 General Unsecured Claims	2,598	
		6 Subsidiary Unsecured Claims	27,190	
<i>Subtotal - General Unsecured Claims</i>	<u>29,788</u>	<i>Subtotal - General Unsecured Claims</i>	<u>29,788</u>	-
5 Subordinated Unsecured Claims	15,284	5 Subordinated Unsecured Claims	15,284	-
6 Intercompany Claims	93,014	9 Non-Consolidated Intercompany Claims	18,899	
		10 LBT Intercompany Claims	34,110	
		12 Designated Non-Debtor Affiliate Intercompany Claims	12,546	
<i>Subtotal - Intercompany Claims</i>	<u>93,014</u>	<i>Subtotal - Intercompany Claims</i>	<u>65,555</u>	(27,459) <sup>4</sup>
7 Third-Party Guarantee Claims	93,937	7 Consolidated Third-Party Guarantee Claims	20,670	
		8 Non-Consolidated Third-Party Guarantee Claims	25,341	
		11 LBT Third-Party Guarantee Claims	26,411	
		13 Designated Non-Debtor Affiliate Third-Party Guarantee Claims	21,716	
<i>Subtotal - Third Party Guarantee Claims</i>	<u>93,937</u>	<i>Subtotal - Third Party Guarantee Claims</i>	<u>94,138</u>	201 <sup>5</sup>
8 Affiliate Guarantee Claims	21,186	Affiliate Guarantee Claims	-	(21,186) <sup>6</sup>
Section 510(b) Claims	-	14 Section 510(b) Claims	-	-
9 Equity Interests	-	15 Equity Interests	-	-

- 1 Class categorizations correspond to class categorizations for LBHI in the Debtors’ Plan and Disclosure Statement.
- 2 Plan Estimated Claims under the Debtors’ Plan is the sum of all Plan Estimated Claims for each of the various Debtors included in the Debtors’ Plan and Disclosure Statement.
- 3 Class categorizations correspond to class categorizations in the Ad Hoc Group Plan and Disclosure Statement.
- 4 The decline in Intercompany Claims is due to the elimination of \$44,410 in Intercompany Claims between and among the Debtors due to substantive consolidation and \$105 in Intercompany Claims at Primary Obligors not included in the Ad Hoc Plan (LB Preferred Somerset LLC, LB Somerset LLC, and Merit LLC), offset by \$17,055 in LBT Intercompany Claims (50% of LBT Intercompany Claim) which has been re-added to the Ad Hoc Plan.
- 5 The increase in Third-Party Guarantee Claims is due to the re-addition of the LBDP Third Party Guarantee Claim.
- 6 Affiliate Guarantee Claims have been eliminated from the Ad Hoc Plan because the Plan Proponents anticipate that these Claims will be reduced through litigation.

**Exhibit 2 – Detail Claims Analysis for Ad Hoc Plan Selected Classes**

Lehman Brothers Holdings Inc.

(\$ in millions)

Class	Primary Obligor	Claim
6 Subsidiary Unsecured Claims <sup>1</sup>	LCPI	\$ 4,543
	LBCS	4,134
	LBSF	15,861
	LOTG	1,088
	LBCC	1,349
	LBDP	134
	LBFP	72
	BNC	7
	LB Rose Ranch	1
	LB 2080	1
7 Consolidated Third Party Guarantee Claims <sup>2</sup>	LBSF	15,861
	LBCS	2,776
	LBCC	353
	LOTG	310
	LBDP	201
	LCPI	1,162
	BNC	7
8 Non-Consolidated Third Party Guarantee Claims <sup>3</sup>	LBL	2,439
	LBB	19,410
	LBJ	410
	LBHJ	1,289
	Sunrise	622
	LBCCA	142
	LBI	748
	Schedule 5 Affiliates	281
9 Non-Consolidated Intercompany Claims <sup>4</sup>	LBHI	13,521
	LCPI	2,306
	LBCS	5
	LBSF	1,821
	LOTG	362
	LBCC	246
	LBDP	10
	LBFP	1
	CES	1
	LUXCO	593
	BNC	1
	LB 2080	31
12 Designated Non-Debtor Affiliate Intercompany Claims <sup>5</sup>	LBHI	12,209
	LBSF	99
	LBCS	9
	LBCC	1
	LCPI	229
13 Designated Non-Debtor Affiliate Third Party Guarantee Claim <sup>6</sup>	LBIE	18,203
	LBF	2,763
	LB Securities	746
	LBAH	4

1 Subsidiary Unsecured Claim amounts as per Exhibit 4 in the Debtors' Plan and Disclosure Statement.

2 Consolidated Third Party Guarantee Claims, other than BNC, as per Exhibit 4 in the Debtors' Plan and Disclosure Statement. BNC Guarantee Claim is estimated at an amount equivalent to the Allowed General Unsecured Claims against BNC.

3 Non-Consolidated Third-Party Guarantee Claim amounts as per Exhibit 4 in the Debtors' Plan and Disclosure Statement.

4 Non-Consolidated Intercompany Claim amounts as per Exhibit 9-1, "Pre-Petition Intercompany Balances Between and Among the Debtors – Pro-Forma as of December 31, 2009 for Recovery Analysis Purposes", less amounts as included in Classes 10 and 12 of the Ad Hoc Plan.

5 Designated Non-Debtor Affiliate Intercompany Claims as per Exhibit 9-3, "Intercompany Balances Among Significant Debtors and Certain Non-Debtor-Controlled Affiliates as of June 30, 2009". The Debtor has not yet made this schedule publicly available with balances as of December 31, 2009.

6 Designated Non-Debtor Affiliate Third Party Guarantee Claims, other than LBAH, as per Exhibit 4 in the Debtors' Plan and Disclosure Statement. LBAH Guarantee Claim is estimated at an amount equivalent to the Transaction Guarantee as listed in Annex B-3 of the Debtors' Plan.

**Exhibit 2 – Summary Comparison of Net Distributable Assets – Debtors’ Plan vs. Ad Hoc Plan**  
Lehman Brothers Holdings Inc.  
(\$ in millions)

<u><b>Debtors’ Plan and Disclosure Statement</b></u>		<u><b>Ad Hoc Group Plan and Disclosure Statement</b></u>		
<u><b>Asset</b></u>	<u><b>Value (\$)<sup>1</sup></b></u>	<u><b>Asset</b></u>	<u><b>Value (\$)<sup>2</sup></b></u>	<u><b>Variance (\$)</b></u>
Cash & Cash Equivalents	10,537	Cash & Cash Equivalents	10,537	-
Restricted Cash	4,304	Restricted Cash	4,304	-
Financial Instruments & Other Inventory		Financial Instruments & Other Inventory		
Real Estate	9,060	Real Estate	9,060	-
Loans	7,080	Loans	7,080	-
Principal Investments	2,990	Principal Investments	2,990	-
Derivatives & Other Contracts	5,391	Derivatives & Other Contracts	5,366	(25) <sup>3</sup>
Other Assets	3,470	Other Assets	3,470	-
<b>Operating Asset Recoveries</b>	<b>42,832</b>	<b>Operating Asset Recoveries</b>	<b>42,807</b>	
Intercompany Receivables	29,076	Intercompany Receivables	14,299	(14,777) <sup>4</sup>
Equity Interests in Affiliates	945	Equity Interests in Affiliates	945	-
Recovery on Affiliate Guarantee	161	Recovery on Affiliate Guarantee	-	(161) <sup>5</sup>
<b>TOTAL ASSETS</b>	<b>73,014</b>	<b>TOTAL ASSETS</b>	<b>58,051</b>	
Estate Expenses		Estate Expenses		
Operating Expenses	(2,393)	Operating Expenses	(2,393)	-
Post-Petition Payables	(2,635)	Post-Petition Payables	(2,635)	-
Admin Claims & Other	(2,050)	Admin Claims & Other	(2,050)	-
<b>NET DISTRIBUTIBLE ASSETS</b>	<b>65,936</b>	<b>NET DISTRIBUTIBLE ASSETS</b>	<b>50,973</b>	

- 1 Asset values under the Debtors’ Plan is the sum of all Plan asset values for each of the various Debtors included in the Debtors’ Plan and Disclosure Statement.
- 2 Asset values under the Ad Hoc Group’s Plan are based on asset values under the Debtors’ Plan, adjusted to conform with the terms of the Plan Proponents’ proposed Plan.
- 3 The decline in Derivatives & Other Contracts is due to the non-inclusion of Merit LLC in the Ad Hoc Group’s Plan.
- 4 The decline in Intercompany Receivables is due to the elimination of Inter-Debtor Intercompany recoveries due to substantive consolidation of (\$14,767) (see page 2-15) and the non-inclusion of Merit LLC in the Ad Hoc Group’s Plan of (\$10). The remaining Intercompany Receivables assume that the Designated Non-Debtor Affiliates and LBT vote to accept the Plan, and that such Designated Non-Debtor Designated Affiliates and LBT are therefore not substantively consolidated.
- 5 Affiliate Guarantee Claims have been eliminated from the Ad Hoc Plan due to substantive consolidation.



**Exhibit 2 – Schedule of Inter-Debtor Intercompany Receivable Eliminations in Ad Hoc Plan**

Lehman Brothers Holdings Inc.

(\$ in millions)

<b>Debtor</b>	<b>Intercompany Receivable Balance<sup>1</sup></b>	<b>Primary Obligor</b>	<b>Intercompany Recovery Rate at Primary Obligor under Debtors' Plan<sup>2</sup></b>	<b>Hypothetical Asset Value of Intercompany Receivable Balance Eliminated as a Consequence of Substantive Consolidation under Plan Proponents' Plan<sup>3</sup></b>
LBHI	21,839	LBSF	24.1%	5,263
LBHI	16,275	LCPI	44.2%	7,194
LBHI	1,847	LBCS	26.8%	495
LBHI	589	SASCO	46.1%	272
LBSF	853	LCPI	44.2%	377
SASCO	613	LCPI	44.2%	271
Other <sup>4</sup>	2,978	Various	30.1% <sup>5</sup>	896
Total	44,994			14,767 <sup>6</sup>

1 Intercompany receivable balances as per the Debtors' Plan and Disclosure Statement, Exhibit 9-1.

2 Intercompany recovery at Primary Obligor as per the Debtors' Plan and Disclosure Statement, Exhibit 4.

3 Recovery on Intercompany Receivable balance eliminated via substantive consolidation is calculated by multiplying the intercompany receivable balance at the Primary Obligor by the intercompany recovery rate at that Primary Obligor.

4 "Other" is comprised of approximately 30 intercompany receivable balances at various Primary Obligors.

5 The intercompany recovery rate on the "Other" balances is a blended rate of recoveries at the various Primary Obligors.

6 See page 2-14, footnote 4.